

**MINUTES OF THE CAPITAL REGION SOUTHWEST WATER SERVICES COMMISSION
 REGULAR MEETING, HELD ON THURSDAY, MARCH 18, 2021 AT 6:00 P.M.
 VIRTUAL MEETING VIA GOTOMEETING**

1. CALL TO ORDER

Chair Wally Yachimetz called the meeting to order at 6:01 p.m.

PRESENT:	Mayor Wally Yachimetz Councillor Krista Gardner Councillor Kelly-Lynn Lewis Councillor Bill Daneluik Councillor Sam Munckhof-Swain Councillor Doug Lyseng Councillor Greg Gillespie Mayor Dave Vallee Deputy Mayor Dawn Pauls Councillor Beverly Beckett Councillor Lars Hansen Councillor Mike Storey Mayor Tony Wadsworth	Town of Calmar Town of Calmar Leduc County City of Beaumont City of Beaumont Camrose County Camrose County Village of Hay Lakes Village of Hay Lakes City of Leduc City of Leduc Town of Millet Town of Millet
-----------------	---	--

ALSO PRESENT:	Councillor Kevin Hycha Councillor David Ofrim Roger Steele, Manager, Technical & Utilities Shawn Olson, Commission Manager Rick Sereda, Operations Manager Lauren Padgham, Treasurer Gerard Del Rosario, Accounting Technician Shawn Tooth, Manager, Utility Services Pamela Regier, Project Manager Samantha Folster, Project Manager Shannon Bremner, Recording Secretary Des Mryglod, Director, Engineering & Utilities Jason Angus, Manager, Infrastructure	City of Camrose City of Camrose EIA City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc City of Leduc Leduc County City of Beaumont
----------------------	---	--

WITH REGRETS:	Councillor Rick Smith Councillor Kelly Vandenberghe	Leduc County Leduc County
----------------------	--	------------------------------

As recommended by Administration, Chair Wally Yachimetz suggested a new virtual meeting protocol to aid in improving the connection for all participants. Going forward, participants were asked to turn their cameras off after attendance has been taken at the beginning of the meeting. Participants were asked to only turn their cameras on for voting or speaking as needed, with exception of the Chair and Shawn Olson.

WJL

2. ADOPTION OF AGENDA

- 11-21 **Motion:** It was **Moved** by Mayor Tony Wadsworth that the agenda for the March 18, 2021 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Motion Carried Unanimously

3. APPROVAL OF MINUTES

A. Minutes of the January 21, 2021 Meeting

- 12-21 **Motion:** It was **Moved** by Councillor Bill Daneluik that the meeting minutes of the January 21, 2021 Capital Region Southwest Water Services Commission regular meeting be approved as circulated.

Motion Carried Unanimously

4. REPORTS OF OFFICERS

A. Manager's Report

Strategic Plan – High Priority Items

In September 2019, the Board adopted a Strategic Plan for the Commission which identified 10 high priority items to be addressed within the next 4 years. Since then, 4 of these items have been completed and a review survey of the Strategic Plan priority items was facilitated by Strategic Steps Inc. at the January 21, 2021 Board meeting to reprioritize the remaining 6 items to be completed over the next 3 years. The results of this survey were attached for reference.

Below is a summary of the 6 new high priority items which require direction from the Board, as noted within this report. It should be noted that though not completed, there are 2 items that were previously identified as high priority that were started by Administration that no longer fall into the high priority category. Completed items and "old" high priority items are summarized below as well.

The Board was advised that acceptance of the Manager's Report was considered to be acceptance of the changes to the Strategic Plan high priority items. The Board will have an opportunity to review and reprioritize the remaining high priority items annually.

HIGH PRIORITY ITEMS

1. *Provide comprehensive orientations to Board members. (Internal Efficiency – 4.2.1)*
Development of an orientation manual is underway. It is being drafted in conjunction with the governance manual outlined in item 3 below and will be brought forward at the May 20, 2021 meeting for Board feedback, following

WJF

the updates to the Bylaw and Annual Report. It is intended that this feedback will be incorporated and the manual brought forward for adoption at the September meeting, before the October election.

2. ***Provide ongoing training to Board members. (Internal Efficiency – 4.2.1)***
Administration has commenced drafting an update to the Board Training and Development Policy, which will be brought forward at the May 20, 2021 Board meeting for adoption.
3. ***Develop a current governance policy manual. (Internal Efficiency – 4.2.4)***
Development of a governance policy manual is underway. It is being drafted in conjunction with the orientation manual outlined in item 1 above and will be brought forward at the May 20, 2021 meeting for Board feedback, following the updates to the Bylaw and Annual Report. It is intended that this feedback will be incorporated and the manual brought forward for adoption at the September meeting, before the October election.
4. ***Be fiscally sustainable as a Commission. (Operational Consistency – 4.2.3) *NEW****
Although this was not previously a high priority item, Administration had proactively begun this document in conjunction with the Bylaw revisions. A Reserve Policy was brought forward at the March 18, 2021 Board meeting for Board adoption.
5. ***Create a regional water conservation plan. (Reduce Per Capital Use – 4.3.4) *NEW****
The “Tips for Saving Water” document was previously approved and distributed to member municipalities. There is a challenge to understand opportunities the Commission has to conserve water as our members are not an end water user, and have limited authority to mandate water conservation to municipalities. Administration requested further direction from the Board to understand how this priority item is different than the water conservation information that was previously prepared and distributed to municipalities.

The Board agreed that the Commission does not have the authority to restrict water use or put water conservation measures in place for member municipalities. It was suggested that member municipalities review the “Tips for Saving Water” document and consider implementing some of the suggestions. Municipalities can also share this information with residents and businesses to promote water conservation amongst their communities. As a result, this will be an ongoing Strategic Plan item for the duration of the inaugural plan as a reminder to have Board members bring this forward with their councils and administrations.
6. ***Be prepared for water supply-related emergencies. (Plan B Options – 4.4.4) *NEW****
Administration is unclear if the Board envisions this item pertaining to water demand management or if it pertains to seeking alternative water supplies and as such is seeking direction on this initiative. Water demand measures



were previously provided to members and are on the CRSWSC website for reference.

With regards to alternative water supplies, the Commission is limited in this regard per the existing Water Supply Agreement with EPCOR. The Agreement prevents any cross connections and only permits alternate sources of water for brief periods if/when EPCOR is unable to provide the volumes requested by the Commission, as detailed below. The Water Supply Agreement was renewed for a 20-year term, effective May 12, 2018 at the February 21, 2019 Board meeting (Motion 11-19).

In accordance with Section 3(c) of this Agreement, the customer will “obtain all of its Water requirements, for the Point/s of Delivery defined in Schedule “d”, from EPCOR provided that if EPCOR is at any time unable to supply the quantity of Water required by Customer, then Customer must purchase from EPCOR the maximum amount of Water which EPCOR is able to supply and, after giving prior notice to EPCOR, Customer may use an alternate source of supply to supplement its needs, but only until such time as EPCOR is able to supply additional quantities of Water.”

Additionally, it is noted in 3(k) that “Customer and EPCOR will not allow or permit any Cross Connections”, which is defined as any physical connection to the system whereby water may become contaminated.

As a result of the above, Administration suggested that the initiative would focus on water demand management measures and common understanding. For this initiative, we could circulate the published water demand management measures to member municipalities and coordinate meetings with the regions technical group to affirm understanding of procedures. The Board agreed with this approach and further suggested writing a letter to each member municipalities CAO to ensure they are aware of water demand measures to be implemented when required. Administration agreed that this would be beneficial.

LOWERED PRIORITY ITEMS

These items were previously identified as High Priority items in the initial Strategic Plan. Administration has already commenced addressing items 2 and 3 below. Upon acceptance of the Manager’s Report, items 4, 5, and 6 from the High Priority Item list above replaced the three items noted below.

1. *Conduct an energy audit. (Internal Efficiency – 4.2.2) *MEDIUM PRIORITY**

Administration completed an energy audit of the Boundary Station in 2018. Another audit was planned near the end of the current strategic plan in 2023, after the EPCOR asset sale was completed and planning for the new Booster station was underway. As this item had not yet been started by Administration, upon acceptance of the Manager’s Report, this item was lowered to medium priority and will be removed from ongoing reporting.

WJF

2. Evaluate crossing agreements within Member rights of way. (Managing a Scarce Resource – 4.3.2) *LOW PRIORITY*

A recommendation is included within section 2.1 of the Master Plan regarding protection of the CRSWSC lines. The recommendation states that a CRSWSC policy should be drafted to require member municipalities to have standards that developers must obtain crossing agreements from the CRSWSC and have Commission pipelines identified within planning documents by members. Administration will be incorporating these requirements within the new CRSWSC Water Policy.

Administration has been working with Associated Engineering on drafting a new Water Policy that includes this recommendation, which was intended to be brought forward at a future Board meeting for approval and adoption, once the map work noted in item 3 below is complete for municipalities to use. As this item was already in progress before the Strategic Plan review, Administration will continue to work towards completing this initiative and will move reporting into the general Manager's Report.

3. Request that Members development permitting process includes identifying location of Commission water lines. (Master Planning – 4.4.3) *MEDIUM PRIORITY*

The new Commission Water Policy identified in item 2 above was intended to cover this subject. Commission GIS data and maps will be made available to member municipalities to help streamline the process. As this item was already in progress before the Strategic Plan review, Administration will continue to work towards completing this initiative and will move reporting into the general Manager's Report.

COMPLETED ITEMS

1. *Align the Commission's Master Plan with Members municipal plans. (Communicating with Members - 4.1.1)*
2. *Educate Members on water conservation methods. (Managing a Scarce Resource – 4.3.1)*
3. *Charge reasonable rates to Members. (Master Planning – 4.4.1)*
4. *Provide a simplified utility rate structure summary to Members. (Master Planning – 4.4.2)*

Nisku Booster Station Land Acquisition and RFP

As advised in the January 21, 2021 Board meeting, an RFP to procure design and construction management services for the new Booster station was issued on December 21, 2020. The RFP closed on January 20, 2021. The Commission received three proposals to the RFP which were reviewed in detail by Administration. Two proponents were interviewed and the contract has since been awarded and issued to Associated Engineering. A kick-off meeting was held on February 24, 2021. Associated Engineering has begun preliminary

WJ



engineering for the site and will be meeting with Administration biweekly through design. The intent is to have the land parcel procured by mid-2021 and design complete for early 2022 tender.

The Board inquired about the RFP process and selection of Associated Engineering, as well as the submission of only three proposals. Administration explained the RFP evaluation and interview process and provided further details to demonstrate that it was a fair and unbiased review. Administration had proactively contacted consultants to generate interest in this RFP, so Administration was surprised to see that only three proposals were submitted. Upon following up with other firms to inquire as to why they did not submit a proposal, it appears there is an external perception that because Associated Engineering has been the engineer of record since the Commission's inception, that the odds of winning a bid is low and not worth the investment by consultants to put together a proposal. Administration will continue to reach out to consulting firms to generate interest and encourage their submissions on future CRSWSC RFP's.

Bylaw Updates

This was addressed as a new business item later in the meeting.

EIA Inquiry

An inquiry was made to the Commission by the EIA with regards to the penalties for under consumption of projected water demands. The Commission does not typically provide information to customers pertaining to the EPCOR Agreement as the Customer should approach the member municipality they receive water from; however, this information is available within the Commission Bylaw 02/2015, section 6.7. It is important that members (and customers) continue to provide accurate predictions on water consumption projections, as these projections are used in part to set the rate we pay through the cost of service modelling at the regional level.

It was noted that the EIA was an exceptional case of reduced water use in 2020, relative to other Commission members. Despite the EIA being largely under their projected water demand, the increase in residential water use amongst member municipalities balanced out the Commission's overall water use, so no penalties were assessed to members.

Commission Facility Locates

Commission operators completed 81 1st Call locates on Commission facilities in 2021 as compared to 126 in 2020.

Town of Millet Alarm

Rick Sereda reported that a UPS (uninterrupted power supply) alarm went off on March 18, 2021 for the Town of Millet. Operators immediately attended to site and removed the UPS unit temporarily and have sourced a replacement, which will be installed soon. This work will not cause any service disruptions.

Lead Management Program

Information was previously brought forward from EPCOR regarding adding orthophosphates to the water, as part of the water treatment process. This is expected to be implemented shortly. Water will leave EPCOR's facility with no measurable amount of lead in the water, so this poses no concerns. It was further noted that the Commission has no lead water lines within the transmission system. On a municipal distribution perspective, some communities may have lead piping infrastructure and sometimes soldered connections and brass taps can leach minor amounts of lead into the water.

Commission members were also reminded that all municipalities are required to have a Lead Management Program in place. Alberta Environment has provided a template that municipalities can use for their plans. The City of Leduc has created a Lead Management Program to submit to Alberta Environment and Shawn Tooth is available to provide guidance to member municipalities upon request.

13-21

Motion: It was **Moved** by Councillor Doug Lyseng that the Capital Region Southwest Water Services Commission Board of Directors receives as information the Manager's Report as presented by Shawn Olson, Commission Manager, CRSWSC.

Motion Carried Unanimously

B. Treasurer's Report

2021 Financial Update

After two months of operations, there should be approximately 83% of the budget remaining. Management expenses are under budget with 90% of the budget remaining due to the timing of expenses. Operating expenses are on track for the year with 83% of the budget remaining. Overall the Commission is on track with respect to the budget with total expenses falling in at 83% of the budget remaining. Due to the timing of expenses, many of the expense line items remain unspent for the year.

Revenue Variances

- Water sales are on budget.
- Interest earned on bank deposits and investments is over budget due to the timing of interest earned. A deposit of \$3M was contributed to investments in February.

Expenditure Variances

- Bank charges & interest is over budget at 53% of the budget remaining. This is due to EFT fees as the bank account has to remain at \$3M to have the fees waived but we earn more interest in investments, therefore this line will be over budget going forward.
- Water purchases are on budget.
- Other professional fees are under budget with 97% of the budget remaining. The only expense in the year so far has been for the update on strategic priorities.

- Legal fees are under budget with 97% of the budget remaining.
- Insurance has been paid out for the year and is over budget by 2%. A credit is expected to account for the removal of the Booster Station from the policy, which has not been processed yet.
- There are a number of line items with 100% of the budget remaining due to the timing of when work is completed and expenditures occur. To the date of this report writing, no invoices had been received for these budgeted items.

Capital Expenditures

Capital expenditures are below budget with 100% of the overall budget remaining due to timing of capital projects. Capital projects do not normally start until Spring.

Recap of Water Sales to Purchases

January water reads were completed on January 28, 2021 by EPCOR and the CRSWSC meter reads were completed on January 25, 2021, which is why the Commission variance on the 2021 Recap of Water Sales to Purchases is over/under in January and February. February reads were done on the same day so the accumulation of water purchases and sales for January and February is the correct variance for this period.

2020 Audit

The Commission Auditors, MNP LLP, are conducting their field work at the time of writing this report. The audit report and findings, along with the Commission's final financial results will be presented at the Annual General Meeting (AGM) on April 15, 2021.

Two items to note that have been brought forward through the audit:

- 1) Adoption of financial instruments. This is a change to the presentation of investments and investment income. The audited financial statements will include a new statement called the Statement of Remeasurement Gains & Losses.
- 2) Removal of the draft financial statements from the Annual Report. The process will change as follows, the Annual Report without financials will be distributed electronically to the Board and draft financials will be included in the Board agenda package for the AGM. Following the AGM, and approval of the audited financial statements, the Annual Report including approved financial statements will be printed and distributed.

Regional Water Customers Group

The Final Settlement Agreement between EPCOR and the RWCG was made on December 31, 2020. It was determined that the 2019 actual cost of service rate to the RWCG was \$0.9396/m³. RWCG members were paying EPCOR a rate of \$0.93/m³ for a difference of \$0.0096/m³. This results in a payable to EPCOR from the RWCG of approximately \$334,600 including interest, which will be paid out of

WJY

the RWCG balancing fund. The CRSWSC portion of this balance owing is \$60,008. A copy of the Settlement Agreement was attached for reference.

The next Regional Water Customers Group meeting is scheduled for Thursday, May 6, 2021.

- 14-21 **Motion:** It was **Moved** by Councillor Sam Munckhof-Swain that the Capital Region Southwest Water Services Commission Board of Directors receive as information the Treasurer's Report as presented by Lauren Padgham, Treasurer, CRSWSC.

Motion Carried Unanimously

5. UNFINISHED BUSINESS

There were no unfinished business items presented.

6. NEW BUSINESS

A. Bylaw Revision Review

In the September 17, 2020 Manager's Report, the Board was advised of receipt of a notice from Municipal Affairs advising of amendments to the Municipal Government Act (MGA) to streamline the legislative framework for Regional Service Commissions, including the CRSWSC. The changes permit service commissions to continue as incorporated entities and maintain all of their current powers and duties, while reducing the role of the province in approving many business decisions. Changes have been made to the list of required Bylaws to address matters previously established in the regulations. The Bylaws must comply with the amendments to the MGA by September 1, 2021.

Working with Reynolds Mirth Richards & Farmer LLP (RMRF), Administration has updated the Commission Bylaws to address the items outlined below:

- Repeal of Bylaw 01/2015 and 02/2015, and consolidation of the two into a single Bylaw
- Updates required to meet the MGA changes discussed at the September 17, 2020 meeting
- Minimum requirements for 2 year terms for Directors, and procedural information for removal/replacement
- Removal of water allocations within the transmission mains (supporting a one for all mentality) and subsequent revised Bylaw amendment voting structure
- Removal of the 3 readings for Bylaw amendment as legal advises this is not a requirement under the MGA

Administration provided notice of a Bylaw review (along with a draft Bylaw revision) to the Board of Directors on February 17, 2021, at which time it was

indicated that a final draft would be issued with the March 18, 2021 Board meeting agenda package. The updated draft Bylaw was attached to the agenda for review and discussion.

The Board had several inquiries in regards to the removal and addition of some clauses, such as the addition of protocol in the event of a tie vote for the election of Chair or Vice-Chair. There was also the addition of some matters requiring approval from 2/3 of the Directors of the Board, such as when approving a new member, water allocations, disposing of assets or making amendments to the Bylaw. It was clarified that the figure of 2/3 was used to simplify the water allocation calculations that are currently outlined in Bylaw 02-2015. The Board is welcome to make changes to this proposed figure.

There was also an inquiry in regards to the provision for the appointment of two Directors at Large, which is intended to extend voting privileges to new members that receive an approved connection while construction of a water line connection is underway. It was clarified that should two new members be approved at the same time, each member would be permitted to appoint one Director at Large to the Board, as the Bylaw allows for a maximum of two Directors at Large at any given time. This process was previously used for the Town of Millet while construction of the Millet water line was underway.

Board members were asked to email Administration with any further inquiries regarding the draft Bylaw, before it is brought back for adoption at the May 20, 2021 Board meeting.

Administration further advised that the CRSWSC has received several inquiries from other commissions with respect to proposed Bylaw amendments, who have asked for assistance from the CRSWSC. The Board did not express any concerns with sharing the draft Bylaw, so the CRSWSC will engage with the other RWCG commissions and share our draft Bylaw as leaders in the region.

15-21

Motion: It was **Moved** by Councillor Lars Hansen that the Capital Region Southwest Water Services Commission Board of Directors direct Administration to make modifications to the draft Bylaw as discussed at the meeting and bring it back for adoption at the May 20, 2021 Board meeting.

Motion Carried Unanimously

B. AGM Speaker – Charity Donation

Todd Hirsh, Vice President and Chief Economist with ATB Financial, has kindly agreed to be the virtual keynote speaker at the upcoming Annual General Meeting (AGM) on Thursday, April 15, 2021. Todd Hirsh politely declines a speaker's fee; however, the Commission is welcome to make a donation to charity in lieu of a fee, if we wish. Administration consulted Chairman Yachimetz and it was requested that this item be brought forward for Board discussion. The Commission has set aside a budget of \$5,000 towards a keynote speaker for the 2021 AGM. For context, the Commission spent \$3,500 towards a keynote

WJA

speaker for the 2020 AGM. Administration provided a recommended motion, based on the 2020 expenditure and as a result of the discussion with the Chair, where he recommended that Administration put forward a straw dog recommendation to start a dialogue with the Board. The Board was encouraged to modify the motion as they see fit, choosing to allocate anywhere between \$0 - \$5,000 towards a charitable donation to whatever charity they may so choose.

The following charities were recommended for consideration:

- 1) Local Food Banks in the communities where the CRSWSC operates.
- 2) The Glenbow Museum in Calgary, supporting art and culture in the Calgary area. This is Todd Hirsh's charity of choice.
<https://www.glenbow.org/join-give/donate-now/>
- 3) The Alberta Water & Wastewater Operators Association (AWWOA) supports The Water School, a global, non-profit organization dedicated to providing safe water and sanitation solutions in developing nations. <https://www.awwoa.ca/about-us/charities>

The recommendation for local food banks was suggested because this directly benefits our region and there is currently a high need considering the current economic reality. The Board supported a charity donation and agreed with the approach to evenly split a donation amongst local food banks within the Commission's jurisdiction.

16-21

Motion: It was **Moved** by Councillor Krista Gardner that in lieu of a keynote speaker fee for the Annual General Meeting (AGM), the Capital Region Southwest Water Services Commission Board of Directors agree to donate \$3,500.00 to split amongst local food banks that serve the communities in which the CRSWSC operates.

Motion Carried Unanimously

C. Reserve Policy

The purpose of this policy is to ensure that the Commission is able to meet present and future obligations and promote long term fiscal sustainability.

The Reserve policy replaces the Annual Rate Stabilization Reserve Fund Policy, as the previous policy does not address all reserves.

A summary of the major changes and additions to the Reserve Policy are as follows:

- Identifies all Operating & Capital reserves
- Defines the purpose of each reserve
- Defines the guiding principle of how the reserve is funded

Wfz

- 17-21 **Motion:** It was **Moved** by Deputy Mayor Dawn Pauls that the Capital Region Southwest Water Services Commission Board of Directors adopt the presented Reserve Policy.

Motion Carried Unanimously

Councillor Kelly-Lynn Lewis left the meeting at 6:59 p.m. in order to attend another meeting.

7. **NEXT MEETING**

The Annual General Meeting is scheduled for April 15, 2021. This meeting will be held virtually and tentatively in person at the Best Western Premier Denham Inn & Suites, located at 5207 – 50 Avenue in Leduc, pending provincial restrictions in place at that time. Formal invitations have been distributed, with a caveat that in person attendance will be dependant on public health measures in early April.

The next regular meeting of the Capital Region Southwest Water Services Commission is scheduled for May 20, 2021.

8. **ADJOURNMENT**

- 18-21 **Motion:** It was **Moved** by Councillor Beverly Beckett to adjourn the meeting at 7:04 p.m.

Motion Carried Unanimously



CHAIRMAN



MANAGER